

# EXHIBIT 12

**From:** Woods, Kevin </O=SIEXCH/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E20781>  
**To:** 'Porter, Larry'; 'Oldre, Lisa'; 'Washington, Patrice'; 'Kang, Soo'; 'Gibson, Karen'; Hedge, Jamie; 'Foss, Ian'; 'Battle, Cynthia'; Peterson, Patty  
**CC:** Whorley, Jeff; Sommer, Robert; Johnson, Debbe  
**Sent:** 10/1/2015 5:47:33 AM  
**Subject:** RE: Navient IDR Ideas  
**Attachments:** IDR Optimization Final.pptx

All,

We look forward to talking with you all at 10:00. Here is the PowerPoint presentation that the Navient team will cover.

Thanks,

Kevin



IDR Optimization Final.pptx

---

**From:** Woods, Kevin  
**Sent:** Thursday, October 01, 2015 8:33 AM  
**To:** 'Porter, Larry'; Oldre, Lisa; Washington, Patrice; Kang, Soo; Gibson, Karen; Hedge, Jamie; Foss, Ian; Battle, Cynthia; Peterson, Patty  
**Cc:** Whorley, Jeff; Sommer, Robert  
**Subject:** RE: Navient IDR Ideas

Larry,

Thanks again for setting this up. We look forward to discussing our ideas with the FSA team at 10:00. I will send a PowerPoint presentation closer to 10:00 for everyone to follow.

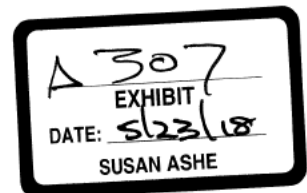
-Kevin

-----Original Appointment-----

**From:** Porter, Larry [REDACTED]@ed.gov]  
**Sent:** Friday, September 11, 2015 8:27 AM  
**To:** Porter, Larry; Oldre, Lisa; Washington, Patrice; Kang, Soo; Gibson, Karen; Woods, Kevin; Hedge, Jamie; Foss, Ian; Battle, Cynthia; Peterson, Patty  
**Cc:** Whorley, Jeff  
**Subject:** Navient IDR Ideas  
**When:** Thursday, October 01, 2015 10:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).  
**Where:** 866-707-0817 7612977 if needed

This meeting has been changed to a web presentation and conference call instead of an in person visit. I will send another update with the appropriate link when I have it nailed down.  
Thanks

This E-Mail has been scanned for viruses.



**Document Produced Natively**

---

# Income Driven Repayment

Customer Optimization Opportunities

---

**NAVIENT**<sup>SM</sup>

---

# Objective

*Increase Income Driven Repayment participation by creating a more efficient process for customers to apply and recertify Income Driven Repayment Plans*

---

## Agenda:

- Current State
- Proposed Change
- Auto Debit Use Case
- Proposed Approach
- Benefits Of Proposal
- Potential Impact

NAVIENT

---

## Current State – Independent Studies Indicate Program May Be Underutilized

*Using FSA Direct Loan Data, only **19.2%** of Customers are Utilizing the Income Driven Repayment Program. According to the data released by GAO, as many as **51%** of customers qualify for an Income Driven Repayment Program based on their income and household size.*

---

## Current State – Change In Administration of Program Requirements May Lead to Higher Enrollment

Two specific components of the program are likely barriers to customers enrolling in the program:

1. Unlike other repayment options, a customer cannot request IDR verbally. The requirement to complete a paper form or use the studentloans.gov website makes the process more time consuming for the customer.
2. The requirement of the customer to provide proof of income information to the servicer versus allowing the TIVAS to directly access the tax information from the IRS makes the process more complex for the customer.

# Proposed Change – Verbal Request and Electronic Acceptance

## Considerations:

- Verbal authorization and call recording will be captured and electronically retained
- Customer will receive confirmation letter with information provided to Agent as well as the terms and conditions of the program
  - Process modeled after Verbal Forbearance authorized by current regulation
- Proof of Income Required to Complete Enrollment in Program
  - IRS Offers an Income Verification Express Service that Servicers Could Enroll in with IRS to receive Tax Information directly from IRS within 48 hours. IRS charges \$2.00 per request. Requires IRS Form 4506T be faxed to IRS to begin process.
  - Form 4506T can be E-Signed; however, need approval from ED Contract Office to use FedRamp certified cloud vendor

## Changes Needed to Implement:

- Modify current practice that requires the customer to complete the federal IDR application form via online or paper format to permit borrowers to apply and recertify verbally
  - The HEA and regulations do not limit the process to these formats
- Approve use of FedRamp certified cloud vendors to facilitate the tax authorization approvals
  - Reimburse the Servicers the \$2.00 that IRS charges for Express Tax Service



# Verbal Works: Verbal Auto Debit Use Case

## Building Healthy Long Term Repayment Behavior

Introduction of Verbal Auto Debit was completed to improve keeping customers in a current repayment status; providing an immediate repayment option resolves delinquency while improving payment persistency for those customers who can make regular monthly payments.

500+ ED Agents  
Trained

46,230 ED and  
Commercial borrowers  
signed for Verbal Auto  
Debit

**700%** increase in  
delinquent borrowers  
enrolling in auto debit  
since 10/14

72% Remain in Auto  
Debit

---

## Proposed Approach

We propose:

- Pilot Verbal Enrollment and Recertification Requests on a subset of ED owned FFEL Customers for a period of 180 Days
  - **Target Population: Single Customers that Do Not Have Taxable Income or Will Not Be Certifying Proof of Income through Tax Information**
- Piloting on selected population allows us time to measure results while options are considered for handling the more complex IDR plans available on DL loans. It also allows time to work with IRS on a more streamlined approach to obtaining Tax Information
- Customers not in target population will continue to be directed to complete their enrollment through studentloans.gov or using a paper application
- During the pilot, **52%** of new ED FFEL owned enrollments and recertifications could be handled verbally which represents **5%** of all ED FFEL and DL IDR customers

NAVIENT

---

# Benefits of Allowing Verbal IDR Enrollment

## **Benefits to Customer:**

- Provides the no income customer most in need of payment relief the ability to complete the enrollment/recertification in a single conversation
- Makes all repayment options available verbally
- Ensures all customers understand the program rules by requiring customers to acknowledge the terms read to them in the IVR
- Reduces the time it takes to get the customer the IDR benefit
- Lower likelihood of delinquency and default

## **Benefits to Department of Education:**

- Increase program enrollment ensuring more customers that need the program are getting the program benefits
- Reduces customers moving to their Permanent Standard payment due to lack of recertifying
- Lower delinquency and default rates

NAVIENT

---

## Potential Impact and Request for Consideration

*Based on June 2015 FSA data, we estimate if all IDR plans could have been enrolled verbally, IDR participation rates would have almost doubled*

### **Requesting Approval from FSA for the Following:**

- Allow Navient to Pilot verbal enrollment and recertification to ED Owned FFEL customers for a period of 180 days by waiving the requirement that a customer completes an IDR application on paper or through the studentloans.gov website
- Review results of pilot for consideration to expand verbal enrollment/recertification to all IDR programs

Note: If our pilot proposal is approved, we will present FSA with a draft of “Success Metrics for Verbal Request and Electronic Acceptance Pilot,” so as to facilitate FSA input for the most appropriate and useful reporting of pilot results.

---

# Appendix

NAVIENT

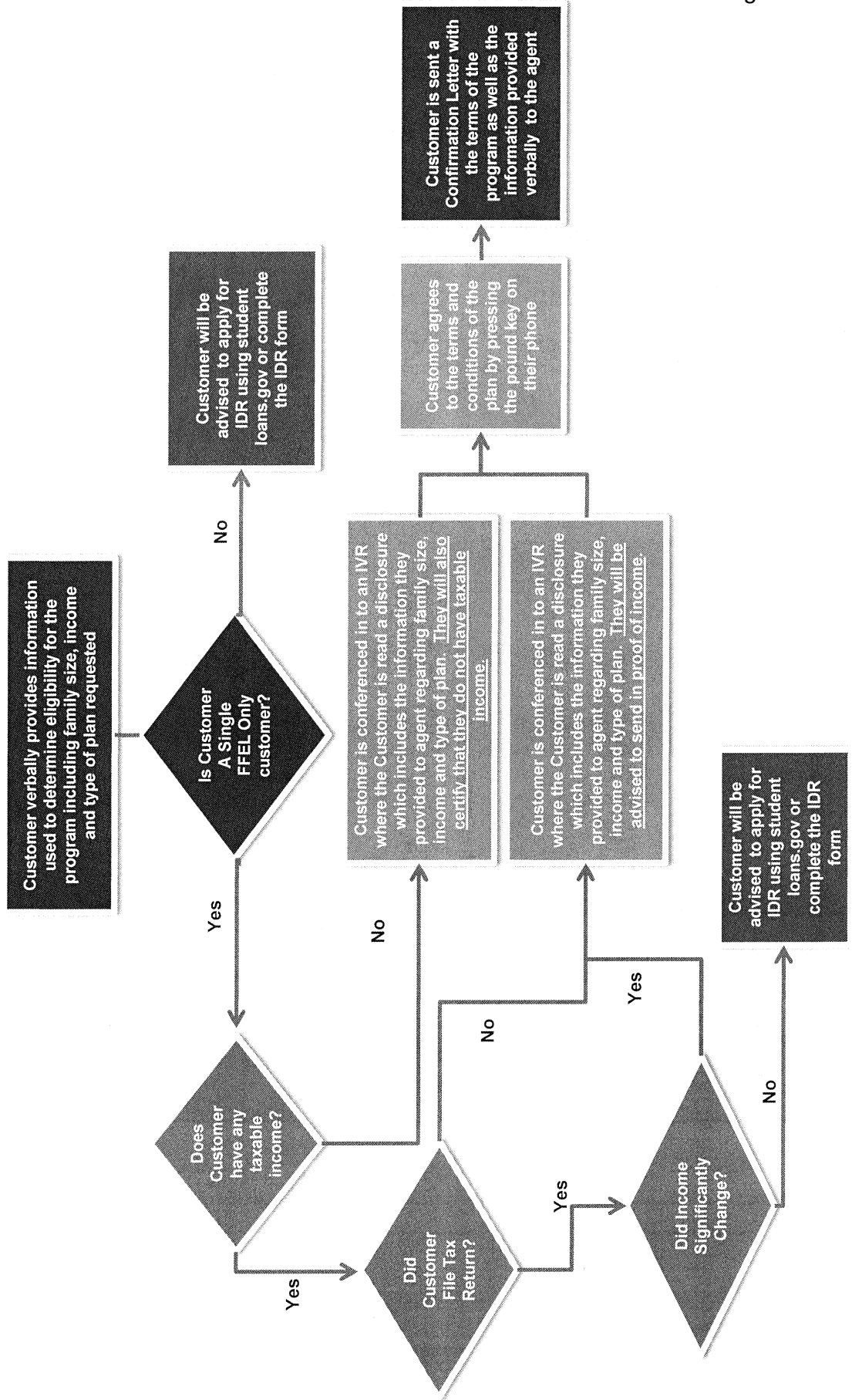
Confidential and proprietary information © 2014 Navient Solutions, Inc. All rights reserved.

---

## Additional Optimization Opportunities

- Verbal Unemployment Deferment
- Verbal Authorization to Amend IDR Application

# Proposed Call Flow for Pilot



# Potential New Enrollment Impact Detail

<b>ED FFELP Assumptions</b>	
19,529	ED FFELP Avg Monthly Customers we spoke to about IDR Enrollments
27.88%	% of population single/no income
52.29%	Old Enroll Rate
90.00%	New Enroll Rate
24,642	Addl Single/No Income Customers verbally enrolled in IDR annually
23.70%	% of population single/>0 income/Non IRS Proof of Income
52.29%	Old Enroll Rate
70.00%	New Enroll Rate
9,837	Addl Single/>0 Income/Non IRS Customers verbally enrolled in IDR annually
<b>34,478</b>	<b>Additional Customers verbally enrolled in IDR annually</b>
<b>58,184</b>	<b>Navient ED FFELP IDR total population</b>
<b>59.3%</b>	<b>Navient ED FFELP IDR % Increase</b>

Based on Navient Results YTD 2015

NAVIENT



# Potential Recertification Impact Detail

<b>ED FFELP Assumptions</b>	
1,474	ED FFELP Avg Monthly Customers we spoke to about IDR Recertifications
27.88%	% of population single/no income
28.0%	Old Recertification Rate
90.0%	New Recertification Rate
3,057	Additional Annual Recertified Customers
23.70%	% of population single/ >0 income/Non IRS
28.0%	Old Recertification Rate
70.0%	New Recertification Rate
1,760	Additional Annual Recertified Customers
<b>4,816</b>	<b>Total Additional Annual Recertified Customers</b>
<b>19,034</b>	<b>Navient ED FFELP P/S population</b>
<b>-25.3%</b>	<b>Navient ED FFELP P/S population decrease</b>

Based on Navient Results YTD 2015

**NAVIENT**

# Potential Impact Participation Rate Detail

<b>ED FFELP Assumptions</b>	
19,529	ED FFELP Avg Monthly Customers we spoke to about IDR Enrollments
100.00%	% of population
52.29%	Old Enroll Rate
75.00%	New Enroll Rate
<b>53,227</b>	<b>Addl Customers verbally enrolled in IDR annually</b>
<b>58,184</b>	<b>Navient ED FFELP IDR total population</b>
<b>91.5%</b>	<b>Navient ED FFELP IDR % Increase</b>

Date	Total \$	Total Recipients	IDR Dollars Outstanding (in billions)	IDR Recipients (in millions)	% \$ in IDR	% Cust in IDR
6/30/2014	\$464.30	18.21	121.3	2.5	26.1%	13.7%
6/30/2015	\$574.80	20.29	193.4	3.9	33.6%	19.2%
6/30/15 Adj	\$574.80	20.29	294.5	7.5	51.2%	36.8%
YOY Variance %	23.8%	11.4%	59.4%	56.0%	28.8%	40.0%
YOY Variance % Adj	23.8%	11.4%	142.8%	198.7%	96.1%	168.1%